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Lawn and garden supplement:

Nurseries emerge as profit makers—pp. 29-44

National
Home Center News ®

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Service Merchandise plots Mr. HOW expansion as execs deny sale plans

By John Caulfield
NHCN senior editor

MEMPHIS — Service Merchandise plans to open at least 25 new Mr. HOW Warehouses over the next 16 months that will include expansion into several previously unannounced markets, according to the company's second quarter report to its shareholders.

The 24-unit Mr. HOW will break into new markets with 70,000-plus-sq.-ft. units in Indianapolis, and Springfield, Mo., over this period. As Service Merchandise reported earlier, other new markets for expansion of the warehouse home center chain will include Denver; Lakeland, Pensacola and Fort Myers, Fla; Knoxville and Chattanooga, Tenn.; Rockford, Ill., and Roanoke, Va.

The release of its most recent expansion plans comes at a time when rumors concerning the possibility that Mr. HOW Warehouse is up for sale persist throughout the in-

(Continued on page 74)

NEWSBREAKS

NEW DIY HOME WAREHOUSE. Eclipse Industries said it signed a deal earlier this month for a second store in its DIY chain. The company bought a former Cook's discount store on Northfield Road on the north side of Cleveland. The purchase was part of a larger plan to open at least two more units in that city during the next 12 months, according to Eclipse president Steve Feinstein. An opening date for the second store has not been set.

INSIDE:

- ***Orloff resigns as Evans president—Page 2***
- ***Structural panel sales rise as technology cuts costs —Page 16***
- ***HomeClub eliminates price comparison sheets —Page 21***
- ***Handyman sets plan for new computer system —Page 49***

Ace's Gavin calls for new industry symposium at show

Retailers expect busy second half

***NHCN* staff roundup**

CHICAGO — Ace Hardware president Lawrence Gavin drew rousing applause here Aug. 12 at the 1985 National Hardware Show when he called upon retailers, wholesalers and manufacturers to work together as never before to face the competitive challenges of the expanding home improvement marketplace.

Speaking to an audience of approximately 800 executives,

(Continued on page 74)

Robert W. Brady (left), AHMA president and president of Petersen Manufacturing, joins Ace Hardware president Lawrence Gavin in a view of the National Hardware Show floor, following Gavin's call for a new industry symposium. NHCN photo

Government efforts to regulate saw manufacturers abandoned

WASHINGTON — The Consumer Product Safety Commission dropped its efforts to write mandatory safety regulations for chain saws, on Aug. 7.

The decision came eight years after the commission first began looking into the matter of chain saw safety, and was based on the assessment that the industry's voluntary standards are sufficient.

Up to two dozen representatives from nine saw manufacturers participated in a committee determined to come up with voluntary standards that would obviate the need for governmental regulations.

A commission spokesman said that participating manufacturers accounted for more than 90% of the chain saws sold. And because the remaining manufacturers have indicated they will comply with the voluntary safety standards, the commission moved to accept the industry's standards.

For executives such as Don Marchese, president of Los Angeles-based McCulloch, who has championed chain saw safety, the decision came as welcome news.

A believer that "the less regulations imposed by the government, the better," Marchese noted that the problem with government regulations is that they often set forth a minimum standard that may not be sufficient in terms of consumer safety.

(Continued on page 74)

Outdoor demos power L&G expo attendance mark

By Linda Anderson
NHCN associate editor

LOUISVILLE, Ky. — You can see some bizarre things at trade shows, but perhaps none stranger than two J. C. Penney buyers playing croquet with electric leaf blowers, a jackets-off, no holds barred event that took place at last month's International Lawn, Garden and Power Equipment EXPO here.

Thomas Mannes and John Gapinski, the two buyers, were among the retailers who participated in a number of vendor-devised activities at this second annual show that encouraged dealers to try out their new equipment. Other contests that were part of a "triathalon" included a lawn mower race and a precision-cutting event using string trimmers.

This festive mood in the booths contributed to the show's overall success. Attendance increased 25% to 15,000 this year, and hit last year's 12,000 mark in the first day.

And, although the show was

(Continued on page 73)

Chains vie for foothold in Virginia Beach

By Phillip M. Perry
NHCN Senior Editor

VIRGINIA BEACH, Va. — When Carl Gotts needed to buy a junction box to install a new dryer in his laundry room last month, he drove four miles to Home Quarters Warehouse, a home center that opened here earlier this year.

Gotts said he chose HQ because it was the nearest home center to his house, noting that the purchase involved only a little money.

"This fall we plan to spend about $200 to panel the den," added Gotts. "A couple of weeks before we do the work, we'll start scanning the Sunday ads. With that kind of investment, it might be worth my while to go the extra miles to another home center."

For Gotts, a lifetime resident of Virginia Beach who commutes daily to nearby Norfolk, Va., in his job as production supervisor at Travelers Insurance, shopping for home improvement

(Continued on page 73)

Virginia Beach: Site of home center row . . .

. . . and battleground for eight chains

	stores 1984	sq. ft.	stores 1985	sq. ft.
Moore's warehouse stores	0	0	1	77,000
Moore's home centers	4	52,000	3	39,000
Plaza True Value	4	82,000	5	102,000
Kempsville Building Materials	1	5,000	1	10,000
Hechinger	2	120,000	2	120,000
Lowe's	2	26,000	2	26,000
84 Lumber	3	9,000	3	9,000
Home Quarters Warehouse	0	0	2	154,000
Mr. HOW Warehouse	0	0	1	80,000
Total	16	294,000	20	617,000

Source: Individual Companies NHCN chart

NHCNews Briefs

Industry Update

Wickes' AMEX list largest ever

NEW YORK — The largest original listing in the history of the American Stock Exchange occurred July 30, when Wickes Cos., Santa Monica, Calif., began trading 171,902,927 common shares there. Of the total listed, 95,902,927 were outstanding and 76,000,000 were newly issued shares. The common stock opened on 100 shares at $4^{3}/_{16}$.

Previously, the largest number of shares originally authorized for listing on the AMEX was 120,770,448 of Texaco Canada.

Wickes, which recently entered into an agreement in principle to acquire the consumer and industrial products group of Gulf + Western for approximately $1 billion (*NHCN*, July 1) also listed a variety of other preferred stock, purchase warrants, notes and debentures on the AMEX.

Scotty's expands stores

WINTER HAVEN, Fla. — Scotty's plans to have 12 Scotty's Hardware Stores in operation by June 1986—indicating the new smaller store concept unveiled last year has apparently passed the testing phase. New Scotty's Hardware Stores are in the process of renovation and installation in St. Petersburg, Fort Myers, Naples, Belle Glade and Winter Park, Fla.

In addition, new 40,000-plus-sq.-ft. "store of the future" format Scotty's are under construction in Boynton Beach, Tarpon Springs, Okeechobee and Homestead, Fla. Retrofits of existing Scotty's stores are under construction in East Lakeland, Margate, North Lakeland and Orlando Beach, and a replacement Scotty's store is being built in Lake City, Fla., according to Ray H. Cooney, vice chairman.

Hines stockholders vote on sale

CHICAGO — Edward Hines Lumber Co. stockholders will meet on or before Oct. 16 to vote on a plan of liquidation and to approve the sale of its 26 Chicago-area stores to company president Edward Hines and his family, according to the company.

The board of directors of the Chicago-based firm voted on July 28 to liquidate and dissolve the lumber company founded in 1892.

The fate of the eight-unit Kindt Corp., which the Hines company purchased in April 1984, has not yet been decided.

Board chairman Howell H. Howard said he wants to sell those stores for "more than $10 million."

The board, not the stockholders, will determine if the company will sell or liquidate Kindt.

General Host to liquidate Scott's

STAMFORD, Conn. — The merger of Scott's Home Centers and General Host became effective Aug. 2. General Host, a $563 million food processor and specialty retailer based in Stamford, Conn., said it had acquired 1,641,985, or 91.1% of the outstanding shares of Scott's, a chain of 17 home centers based in Linthicum, Md. General Host paid $3 for each share acquired.

"We plan to centrally liquidate the stores, through devices such as sales and clearances," said Adam I. Friedman, a spokesman for General Host. About a third of the Scott's chain should be closed, and reopened as Frank's Nursery and Crafts Stores, by Christmas, he added. The remainder of the units should be converted to Frank's stores over the following six months. Earl Halterman, Scott's president, has contracted to stay on with the merged firm for the next three years. (*NHCN*, July 1.)

K mart opens 'Home Care' units

LOS ANGELES — A total of 10 K mart stores in the Greater Los Angeles Area now have "Home Care Centers," a full-line home center department within the discount store itself.

The store count was increased by three following the "grand opening" promotion July 31 to Aug. 10 featuring the newest locations in Bellflower, Glendale and North Hollywood. The other home care centers are part of K mart units in Corona, Fullerton, Ontario, Redlands, Riverside, Temple City and Torrance.

The openings were promoted with an eight-page newspaper insert that featured redwood lumber, ceiling fans, house fans and exterior waferboard panels on its cover.

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Vol. 11, No. 18 August 26, 1985

Orloff resigns as Evans' pres 'by mutual consent' agreement

By John Caulfield
NHCN senior editor

MIAMI — Monford Orloff, an executive with Evans Products Co. since 1961, has resigned from that company effective July 24.

The 71-year-old Orloff is responsible for turning Evans from a struggling forest products concern into a retailing force, with a collection of home center chains whose sales rank fourth in the home improvement industry.

However, saddled with several unproductive businesses and a series of financial setbacks that caused the company's debt to balloon out of control, Orloff also presided over Evans' descent into Chapter 11 this March with more than $750 million in total debt.

Orloff left his positions as president and chief operating officer at Evans and DWG Corp. "by mutual consent" with financier Victor Posner, who controls both firms.

It was Posner, the owner of 43% of Evans' stock, who replaced Orloff as chairman in April 1983, a position Orloff had held since 1964. It was initially thought that Orloff would be intimately involved in Evans' operations after this transition, which saw several Evans executives and board members either depart or be forced out by Posner, and replaced with members of Posner's family or corporate entourage.

However, it appears Orloff had very little responsibility at Evans after the change, despite an annual salary of $976,685, to which he would have been entitled through 1988. With his resignation, Orloff will now receive $400,000 from DWG over four years beginning in 1987, and will serve as a part-time consultant for Evans through 1987,the salary for which was not disclosed.

Orloff's resignation and salary level were revealed in a recent DWG filing with the Securities and Exchange Commission.

Orloff told *The Wall Street Journal* that he left Evans to return home to Portland, Ore., where Evans had been based before Posner took over as chairman. Orloff did not return phone messages made to his Portland office by *NHCN*.

Joining Evans as a vice president when his employer, Aberdeen Plywood and Veneers Inc., was acquired by the corporation in 1961, Orloff rose quickly through the corporate ranks.

He was named president and ceo in 1962, a position held through 1964, and for the periods 1968-71 and 1974-83. Evans' board of directors appointed Orloff chairman in 1964.

Under Orloff's tenure, the company began acquiring a number of home improvement companies. In an interview with *NHCN* in 1981, Orloff noted that Evans considered buying a number of home center chains—including Lowe's and Wickes—in 1964 but eventually wound up buying the Moore's chain, then Grossman's in 1969. It made its last big acquisition when it bought Lindsley in Miami in 1979.

In that same interview, Orloff projected Evans' Retail Group to grow at a rate of "25 to 30 stores a year, expanding the size of our operation to 450 stores by the end of 1985." In an interview given to *NHCN* a year later, Orloff said Evans Retail would operate between 500 to 550 stores by 1988.

Currently, the company has around 340 units.

Evans' downfall under Orloff can be traced back to 1982, when the company negotiated term loans from banks totaling $407.5 million due in three installments, with the final $307.5 million payment due on Jan. 15, 1985.

While the Retail Group was thriving during this period, Evans' other businesses, including its home building, forest fiber and transportation systems divisions, were not generating sufficient capital for the company to pay back loans of this magnitude.

So, in the fall of 1982, Orloff placed the whole Retail Group, all 341 stores, on the block, with the hopes that money from their sale would help reduce Evans' debt "and enable management to devote greater attention and resources to the full-service leasing of transportation equipment."

Monford Orloff

However, Evans' asking price for the stores, estimated to be in excess of $300 million, was too steep for any one buyer. By the time Posner came in to run the company, it had pretty much been decided that the Retail Group—which accounts for around 85% of Evans Products' total volume—would have to be sold off in sections.

The company was divided into three entities—Grossman's Inc., including the Grossman's, Alamo and Hubbard & Johnson chains; Lindsley; and Steel City—to be offered for sale through Evans' investment firm, Salomon Brothers.

Over the past two years, Posner has been selling off parts of Evans Products to raise capital to keep his bank lenders at bay. However, the company defaulted on its loan payment last January and was not paying vendors for merchandise for its home centers.

With no apparent buyers for the Retail Group in sight, Posner took Evans Products and seven of its subsidiaries, including the retail operations, into Chapter 11.

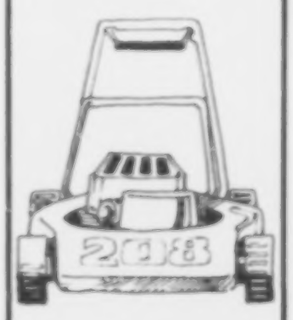
While Orloff's signature is on each of the voluntary petitions for bankruptcy, he did not appear to be involved in either the decision to take such an action, or in subsequent negotiations with creditors during the ongoing reorganization negotiations.

Highlights in this issue

ADVERTISING & MARKETING

- *Chase-Pitkin cuts prices in effort to secure Rochester market position* —**Page 21**
- *Homeclub cuts price comparison sheets after threat of legal action* —**Page 21**
- *National's Shorty and Cheap Chicken cross the road to new ad agency* —**Page 21**
- *Diamond staff horses around in race promo* —**Page 25**
- *July promo offers house full of prizes* —**Page 26**

MERCHANDISING SUPPLEMENT



- *Nurseries emerge as sizable profitmakers but require promotions and labor intensive care* —**Page 30**
- *Pool supplies make a splash in lawn and garden departments* —**Page 32**
- *Strong sales spur dealers to fill in mower lines* —**Page 34**
- *Consumer preference points to gas grills, while resurgent interest fans charcoal sales* —**Page 36**
- *Imports begin to penetrate lawn and garden tool market, as better quality attracts home center buyers* —**Page 38**
- *Retailers find identifying import buyers an easy task* —**Page 40**
- *Quality and patriotism at issue as some dealers shun tool imports* —**Page 40**
- *Retailers stack up profits on PVC patio furniture* —**Page 42**

INDEX

Classified	69-72
Editorial	8
Financial News	5
Home Center Trivia	12
Housing Watch	10
Lumber Report	16
New Products	60
People	12
Washington View	8

SYSTEMS & OPERATIONS

- *Handyman plan set for new computer system* —**Page 49**
  —Two-year effort leads to firm control over product movement
- *Computer system streamlines purchasing tasks* —**Page 50**
  —Archaic management and inventory functions fall by the wayside
- *Film course targets retail selling skills* —**Page 52**

FINANCIAL NEWS

9 Gainers

5 Unchanged

42 Losers

For the second straight reporting period, stock price-percentage losers outnumbered gainers, 42 to 9, for the two-week period ended Aug. 9. Five home center stocks were unchanged.

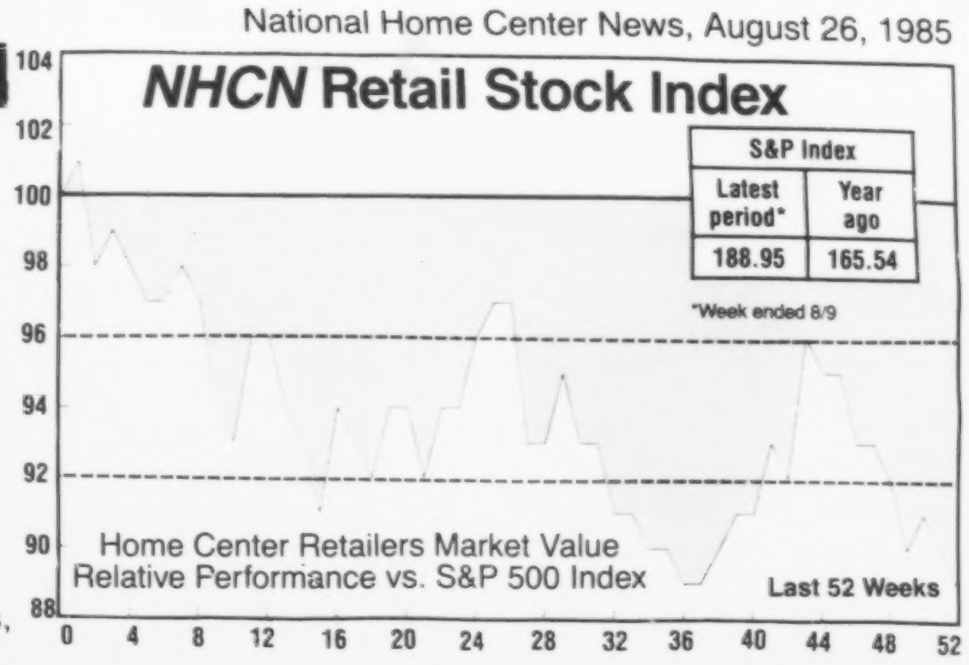
The *NHCN* Retail Stock Index continued to underperform the Standard & Poor's 500 Index throughout most of the past 52 weeks. The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues by a constant which adjusts the index to show its relation to performance of the S&P 500 Index over the past 52 weeks.

Leading the retail losers was Homecrafters Warehouse, which fell 20% to $5 on trading of 1.2 million shares. Hechinger B fell 13.1% to $18.25 on trading of 1.2 million shares.

On the positive side, National Lumber advanced 20.8% to $7.25 on trading of two million shares. Erb Lumber moved up 11.4% to $24.50.

Clopay leads manufacturers with a 41.9% increase to $16.50 in the two-week period. Manville, in the wake of announcing plans to establish a trust fund for asbestos victims, moved up 4.2% to $6.25 (see story page 3).

The Newell Co. leads manufacturer losers with a drop of 11.1% to $16 on 731,000 shares traded.



The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Manville Cp N	47,705	698.4	4.2
Natl Lumber M	2,088	358.0	20.8
Clopay Corp A	699	349.0	41.9
Erb Lumber M	64	300.0	11.4
Forest City Ent A	102	257.1	2.1

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Home Depot N	24,132	252.7	- 7.4
Mor-Flo Inds M	516	242.4	- 1.3
Mich General A	5,451	206.4	- 7.1
Edison Bros N	3,166	176.1	- .4
Grace W R N	13,079	170.0	2.9

TOP GAINERS

Company & Market	2-Weeks Ended 8-09-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Clopay Corp A	16.50	41.9	699
Natl Lumber M	7.25	20.8	2,088
Erb Lumber M	24.50	11.4	64
Manville Cp N	6.25	4.2	47,705
Grace W R N	43.63	2.9	13,079

TOP LOSERS

Company & Market	2-Weeks Ended 8-09-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Homecrafters Whse M	5.00	- 20.0	1,276
Hechinger B M	18.25	- 13.1	1,205
Newell Co N	16.00	- 11.1	731
Lowe's Cos N	23.63	- 8.7	8,113
Pope & Talbot N	18.00	- 8.3	313

National Home Center News

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 8-09-85 $	2-Weeks Change: Amt. $	2-Weeks Change: Pct. %	2-Week Range: High $	2-Week Range: Low $	52-Week Range: High $	52-Week Range: Low $	Volume: 2-Weeks Shares Traded: Total (100)	Volume: 2-Weeks Shares Traded: % Out %	Volume: 12-Week Avg. Vol. As % Out %	Volume Trend Change %	P/E Ratio -	Indicated Div. Rate: Amt. $	Indicated Div. Rate: Yld. %	Latest Report: New Report -	Latest Report: Period -	Latest Report: Date Ended -	Latest Quarter: Revenue: Amt. $Mil	Latest Quarter: Revenue: Chg. %	Latest Quarter: Net Income: Amt. $Mil	Latest Quarter: Net Income: Chg. %	Latest Quarter: E.P.S.: Amt. $	Latest Quarter: E.P.S.: Chg. %	Year-to-Date: Revenue: Amt. $Mil	Year-to-Date: Revenue: Chg. %	Year-to-Date: Net Income: Amt. $Mil	Year-to-Date: Net Income: Chg. %	Year-to-Date: E.P.S.: Amt. $	Year-to-Date: E.P.S.: Chg. %
Retailers																													
Boise Cascade N	46.50	- 2.00	- 4.1	48.50	44.75	51.00	36.25	12,321	4.51	2.36	91.1	20.1	1.90	4.1	.....	6 mos.	06-85	952.8	- 4.6	31.7	- 5.4	1.07	- 7.8	1910.3	- 1.9	65.0	5.9	2.19	3.8
Color Tile M	18.25	.00	.0	18.63	18.13	20.00	14.88	5,355	5.80	2.98	94.6	12.9	.00	.0	.....	9 mos.	03-85	90.7	14.7	3.1	- 20.5	.33	- 19.5	249.4	18.4	9.3	- 8.8	1.01	- 1.9
Edison Bros N	32.00	- .13	- .4	32.38	31.00	38.25	31.00	3,166	3.12	1.13	176.1	12.2	1.60	5.0	.....	3 mos.	03-85	276.9	- 9.2	3.9	- 61.0	.38	- 60.0	276.9	- 9.2	3.9	- 61.0	.38	- 60.0
Erb Lumber M	24.50	2.50	11.4	24.50	20.75	24.50	18.00	64	.72	.18	300.0	7.4	.00	.0	.....	3 mos.	03-85	27.1	2.3	(.4)	NE	(.40)	NE	27.1	2.3	(.4)	NE	(.40)	NE
Evans Prod N	1.88	.00	.0	2.00	1.75	6.00	1.75	639	.46	.28	64.3	NE	.00a	.0	.....	3 mos.	03-85	229.3	- 9.9	(39.7)	NE	(2.95)	NE	229.3	- 9.9	(39.7)	NE	(2.95)	NE
Forest City Ent A	24.25	.50	2.1	24.88	23.50	24.88	15.50	102	.25	.07	257.1	33.7	.15	.6	.....	3 mos.	04-85	73.7	45.7	.2	NE	.02	NE	73.7	45.7	.2	NE	.02	NE
Grace W R N	43.63	1.25	2.9	45.00	42.25	45.00	38.50	13,079	2.70	1.00	170.0	12.6	2.80	6.4	.....	6 mos.	06-85	1908.8	9.6	41.4	- 28.0	.83	- 29.7	3488.8	7.7	76.9	- 25.6	1.55	- 26.9
Hechinger A M	17.38	- 1.38	- 7.3	18.75	17.25	23.19	14.00	1,763	2.02	2.45	- 17.6	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	18.25	- 2.75	- 13.1	21.50	18.00	24.19	14.19	1,205	.53	.32	65.6	19.4	.08	.4	.....	3 mos.	04-85	114.6	30.4	3.8	11.8	.17	13.3	114.6	30.4	3.8	11.8	.17	13.3
Hines Ed Lumber O	40.75	.38	.9	41.75	40.38	43.75	35.50	11	.06	.17	- 64.7	30.4	1.00	2.5	.....	3 mos.	03-85	49.6	.2	(.8)	NE	(.48)	NE	49.6	.2	(.8)	NE	(.48)	NE
Homecrafters Whse M	5.00	- 1.25	- 20.0	6.75	4.75	16.25	5.00	1,276	4.52	2.60	73.8	NE	.00	.0	.....	3 mos.	04-85	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0
Home Depot N	12.50	- 1.00	- 7.4	13.50	12.38	24.88	12.00	24,132	9.63	2.73	252.7	25.0	.00	.0	.....	3 mos.	04-85	145.0	51.2	1.9	- 44.1	.08	- 42.9	145.0	51.2	1.9	- 44.1	.08	- 42.9
INTERCO Inc N	65.75	- .75	- 1.1	67.25	65.38	70.50	55.75	1,482	1.05	1.19	- 11.8	16.5	3.08	4.7	.....	3 mos.	05-85	589.0	- 8.8	11.2	- 42.6	.71	- 39.3	589.0	- 8.8	11.2	- 42.6	.71	- 39.3
K mart Cp N	34.25	- 1.00	- 2.8	35.50	34.13	41.50	32.13	26,518	2.12	1.40	51.4	8.9	1.40	4.1	.....	3 mos.	04-85	4984.1	19.3	58.5	.9	.46	2.2	4984.1	19.3	58.5	.9	.46	2.2
Lowe's Cos N	23.63	- 2.25	- 8.7	26.00	23.63	31.13	19.25	8,113	2.24	1.16	93.1	14.1	.36	1.5	.....	3 mos.	04-85	452.3	18.9	11.9	- 6.3	.33	- 5.7	452.3	18.9	11.9	- 6.3	.33	- 5.7
Mich General A	4.88	- .38	- 7.1	6.13	4.88	8.50	4.50	5,451	4.81	1.57	206.4	23.2	.00	.0	.....	3 mos.	03-85	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0
Natl Lumber M	7.25	1.25	20.8	7.25	6.00	7.50	4.50	2,088	3.71	.81	358.0	34.5	.00	.0	.....	3 mos.	03-85	31.4	10.2	.2	- 33.3	.03	- 50.0	31.4	10.2	.2	- 33.3	.03	- 50.0
Pay N Pak N	13.88	- .25	- 1.8	14.25	13.63	16.88	11.50	2,436	2.44	1.21	101.7	14.2	.64	4.6	.....	3 mos.	05-85	82.6	11.0	2.1	- 12.5	.21	- 12.5	82.6	11.0	2.1	- 12.5	.21	- 12.5
Payless Cash N	18.00	- .50	- 2.7	18.75	17.75	23.38	14.00	12,739	3.68	1.72	114.0	15.9	.16	.9	.....	6 mos.	05-85	375.7	20.5	13.0	6.6	.39	5.4	630.6	23.8	14.6	- 1.4	.44	- 4.3
Scotty's Inc N	13.50	- .13	- .9	14.13	13.50	16.38	12.50	1,772	1.34	.52	157.7	10.2	.52	3.9	.....	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck N	35.25	- 1.38	- 3.8	36.38	35.13	39.13	29.75	34,052	.94	.83	13.3	9.4	1.76	5.0	NEW	6 mos.	06-85	9697.1	1.3	265.5	- 25.4	.72	- 27.3	18600.0	3.2	488.8	- 14.2	1.32	- 17.0
Std Brd Prt N	22.88	- .13	- .5	23.25	21.88	23.88	17.75	3,650	3.27	1.39	135.3	12.2	.56	2.4	.....	3 mos.	04-85	80.9	4.0	4.8	4.3	.43	2.4	80.9	4.0	4.8	4.3	.43	2.4
Supermkts Gen N	45.13	- .63	- 1.4	46.25	43.00	48.38	26.50	2,833	1.59	1.29	23.3	13.4	.48	1.1	.....	3 mos.	04-85	1215.4	37.2	11.8	181.0	.66	175.0	1215.4	37.2	11.8	181.0	.66	175.0
Wickes Lumber M	6.63	- .25	- 3.6	6.75	6.50	7.25	4.25	617	1.05	.96	9.4	13.0	.16	2.4	NEW	6 mos.	06-85	43.4	10.7	1.3	30.0	.24	41.2	66.5	8.3	1.0	42.9	.18	50.0
Wholesalers																													
Lewis Palmer M	8.00	- .13	- 1.5	8.25	7.88	9.75	7.13	449	1.20	.56	114.3	38.1	.28b	3.5	.....	3 mos.	04-85	33.0	13.4	.0	- 100.0	.00	- 100.0	33.0	13.4	.0	- 100.0	.00	- 100.0
Manufacturers																													
Allegheny Int N	23.13	- .75	- 3.1	24.00	22.88	28.75	20.25	1,062	1.01	.92	9.8	NE	1.40	6.1	.....	3 mos.	03-85	507.2	1.9	5.1	- 7.3	(.35)	NE	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard N	30.00	- 1.75	- 5.5	32.25	29.63	35.38	26.75	4,260	1.09	.84	29.8	10.0	1.60	5.3	NEW	6 mos.	06-85	878.3	- 1.6	37.3	6.3	.95	4.4	1667.3	9.4	57.6	4.7	1.47	- 4.5
Armstrng Wrld N	35.25	- 1.50	- 4.1	37.25	35.00	39.75	26.75	4,467	1.87	1.36	37.5	9.2	1.30	3.7	NEW	6 mos.	06-85	429.9	5.3	32.3	19.2	1.34	20.7	806.5	1.9	50.2	- .8	2.09	2.0
Black & Decker N	19.13	.25	1.3	19.63	18.63	26.88	18.38	15,909	3.15	2.29	38.0	15.9	.64	3.3	NEW	9 mos.	06-85	371.9	- .3	(7.1)	- 100.0	(.14)	- 100.0	1278.0	21.7	36.7	- 48.2	.72	- 51.0
Certain-teed N	25.75	- .25	- 1.0	27.38	25.50	28.50	15.75	1,029	.54	.60	- 10.0	12.1	.70	2.7	.....	6 mos.	06-85	291.0	- 6.2	16.5	- 2.4	.84	- 1.2	543.9	- 7.6	24.7	- 5.0	1.25	- 3.8
Champ Intl N	23.75	- .88	- 3.6	24.88	23.63	26.75	18.38	22,403	2.41	1.45	66.2	NE	.40	1.7	.....	6 mos.	06-85	1598.9	38.8	43.3	8.0	.42	- 36.4	3244.7	41.1	87.1	25.9	.85	- 24.1
Clopay Corp A	16.50	4.88	41.9	16.50	11.50	22.19	10.91	699	4.58	1.02	349.0	14.9	.16	1.0	NEW	6 mos.	06-85	36.0	6.5	.0	- 100.0	.04	- 89.2	65.2	6.0	(.5)	- 100.0	(.32)	- 100.0
DeSoto Inc N	33.63	- .25	- .7	34.13	33.63	37.88	29.63	213	.45	.91	- 50.5	10.3	1.40	4.2	.....	6 mos.	06-85	127.9	1.4	6.4	.0	1.34	17.5	220.9	2.8	7.2	- 28.0	1.51	- 15.6
Emhart Corp N	29.63	- 1.25	- 4.0	31.25	29.25	33.13	26.25	2,323	.84	.82	2.4	10.0	1.40b	4.7	.....	6 mos.	06-85	449.5	- 3.3	25.3	14.0	.91	3.4	869.4	- 6.1	39.4	- 9.2	1.42	- 17.9
Georgia-Pacific N	23.38	- 1.50	- 6.0	25.50	23.13	27.38	20.00	30,666	2.58	1.18	152.5	22.5	.80	3.4	.....	6 mos.	06-85	1794.0	7.4	67.0	- 20.2	.61	1.7	3374.0	6.8	116.0	- 14.1	1.04	7.2
Insilco Corp N	18.63	.00	.0	19.38	18.38	26.72	15.34	1,698	.88	.83	6.0	10.3	1.00b	5.4	.....	5 mos.	06-85	230.7	9.4	10.6	6.0	.57	3.6	428.0	7.3	16.6	.0	.90	- 1.1
La Pacific N	20.25	- .50	- 2.4	21.25	19.88	24.75	17.25	4,089	1.15	.71	62.0	19.7	.80b	4.0	.....	6 mos.	06-85	345.0	6.3	5.0	- 33.3	.14	- 36.4	616.0	- 2.8	7.4	- 48.3	.21	- 48.8
MacMin Bidel N	15.38	- .50	- 3.1	16.13	15.38	21.81	15.00	187	.06	.10	- 40.0	28.5	.00a	.0	NEW	6 mos.	06-85	598.0	11.9	7.8	47.2	.05	NE	1136.6	20.1	10.4	NE	(.08)	NE
Manville Cp N	6.25	.25	4.2	8.00	5.63	8.63	5.13	47,705	19.88	2.49	698.4	2.8	.00	.0	NEW	6 mos.	06-85	500.8	9.7	20.4	12.7	.59	20.4	934.0	7.8	32.6	5.8	.84	10.5
Masco Corp N	34.75	- .75	- 2.1	35.75	33.25	36.00	24.00	10,211	1.76	.88	100.0	24.8	.56	1.6	NEW	6 mos.	06-85	256.0	80.3	36.3	433.8	.63	- 33.7	485.0	71.9	71.8	443.9	1.24	- 32.6
Mor-Flo Inds M	18.63	- .25	- 1.3	19.00	18.25	20.25	12.75	516	2.02	.59	242.4	7.1	.01	.1	.....	3 mos.	03-85	52.4	7.2	1.7	13.3	.65	6.6	52.4	7.2	1.7	13.3	.65	6.6
Natl Gypsum N	47.63	.25	.5	49.38	47.13	49.38	34.00	3,881	2.49	1.66	50.0	6.5	2.00	4.2	.....	6 mos.	06-85	443.6	- 1.3	35.5	21.2	2.28	21.3	809.4	- 3.6	61.5	15.0	3.95	15.2
Newell Co N	16.00	- 2.00	- 11.1	17.75	15.88	19.00	13.25	731	.85	.42	102.4	9.4	.50	3.1	NEW	6 mos.	06-85	81.7	9.2	4.8	20.0	.53	15.2	161.2	6.8	8.0	15.9	.88	10.0
Owens Corning N	34.75	- 1.00	- 2.8	35.88	34.13	37.00	28.88	6,365	2.15	1.00	115.0	8.8	1.40	4.0	.....	6 mos.	06-85	789.9	3.3	20.2	- 18.5	.68	- 20.0	1467.9	.6	48.2	5.9	1.63	5.2
Ply-Gem A	15.25	- .63	- 3.9	16.13	14.75	16.50	12.44	714	1.98	1.15	72.2	12.8	.16	1.0	.....	3 mos.	03-85	40.7	3.8	1.1	.0	.30	- 9.1	40.7	3.8	1.1	.0	.30	- 9.1
Pope & Talbot N	18.00	- 1.63	- 8.3	19.88	18.00	21.50	15.25	313	.52	.25	108.0	NE	.80	4.4	NEW	6 mos.	06-85	85.2	8.7	1.8	- 30.8	.30	- 31.8	168.3	6.1	4.0	- 14.9	.67	- 15.2
Potlatch Cp N	32.75	- 1.13	- 3.3	34.13	32.25	38.13	28.00	1,439	.94	.35	168.6	13.1	1.56	4.8	.....	6 mos.	06-85	248.6	- 3.9	10.5	- 34.4	.61	- 33.7	483.3	- 5.0	22.0	- 22.8	1.28	- 19.0
Sherwin-Wms N	39.25	.00	.0	39.63	37.88	40.00	25.50	2,376	1.04	.74	40.5	13.0	.92	2.3	.....	6 mos.	06-85	606.6	8.8	28.5	11.3	1.24	12.7	1098.7	7.6	34.2	11.8	1.49	12.9
SW Forest Ind N	13.13	.00	.0	13.50	12.75	18.75	11.75	3,801	4.09	2.29	78.6	NE	.00	.0	NEW	6 mos.	06-85	178.8	- 14.7	(2.9)	- 100.0	(.47)	- 100.0	349.3	- 9.1	(4.5)	- 100.0	(.80)	- 100.0
Stanley Works N	30.13	- .25	- .8	30.38	28.50	31.38	23.75	3,482	1.25	.74	68.9	11.2	.96	3.2	.....	6 mos.	06-85	311.9	6.7	19.2	6.1	.70	7.7	588.8	5.6	33.2	4.1	1.22	7.0
Thos Inds N	17.50	- .88	- 4.8	18.50	17.38	19.13	13.75	970	1.14	.63	81.0	9.7	.68b	3.9	.....	6 mos.	06-85	78.9	9.3	3.9	8.3	.47	9.3	152.8	13.1	7.1	- 7.8	.84	- 7.7
Triangle Pac N	28.25	- .50	- 1.7	28.50	27.50	31.25	22.63	252	.61	1.54	- 60.4	8.3	1.00	3.5	NEW	6 mos.	06-85	67.1	- 9.7	4.3	10.3	1.04	7.2	129.2	- 5.0	6.9	7.8	1.66	5.7
USG Corp N	38.38	- 2.25	- 5.5	40.50	37.00	44.50	26.38	4,338	1.31	1.19	11.0	6.6	1.68	4.4	NEW	6 mos.	06-85	645.6	8.7	61.7	5.8	1.84	4.0	1233.9	14.9	104.2	6.5	3.12	5.4
Walter, Jim N	35.00	- .75	- 2.1	36.00	34.88	39.25	25.13	5,908	2.81	1.86	51.1	7.1	1.40	4.0	.....	9 mos.	05-85	579.8	2.7	31.2	6.1	1.43	5.9	1664.4	- 1.7	73.3	15.8	3.36	15.9
Waxman Ind M	12.50	- .50	- 3.8	13.00	12.38	16.88	5.50	693	2.29	2.85	- 19.6	15.8	.08	.6	.....	9 mos.	03-85	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser N	28.00	- 1.25	- 4.3	29.38	28.00	34.00	25.88	20,825	1.60	.69	131.9	23.1	1.30	4.6	NEW	6 mos.	06-85	1400.1	622.4	59.7	- 42.5	.41	- 43.8	2675.8	81.9	97.9	- 30.3	.65	- 32.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

Feds tighten lending rules, but affordability up

NATIONAL REPORT — The recent announcement by the Federal National Mortgage Assn. (Fannie Mae) that it is tightening its mortgage lending rules could dramatically affect housing affordability for the first-time buyer, according to the National Assn. of Realtors and the National Assn. of Home Builders.

Affordability for other buying groups, however, has been on the rise. The NAR announced that its housing affordability index in June rose to 91.1 from May's 90.1, the highest level since November 1979 when the index was 92.1.

The NAR's index is based on homebuyers making downpayments of 20%.

Fannie Mae's Aug. 5 ruling, which becomes effective Oct. 15, will require buyers making downpayments of less than 10%—usually the first-time buyer—to spend three percentage points less of their monthly income on housing costs than they now spend.

They would be restricted to spending no more than 25% of their monthly income on mortgage principal and interest, property taxes and insurance, and a maximum of 33% on all debt, home and other, like car payments, compared to the now 28% and 36%, respectively.

Most home owners qualify for mortgages under the latter two figures.

Commented Jay Shackford, vp-public affairs at the NAHB: "It [the ruling] definitely will hurt the first-time buyer" who already has trouble raising the large sum of money needed for a downpayment and closing costs.

Officials for both the NAR and the NAHB agree the impact will not be felt until 1986 and that they are studying the issue.

First-time homebuyers who put down less than 10% on the purchase price represent "a big chunk of the market," asserted Shackford. "It's hard to tell how they will be affected. You might see more of them go to FHA and VA [Farmers Home Administration and Veterans Administration]" because of the smaller downpayments required under those programs.

Shackford said between 10% and 12% of new home buyers make downpayments of less than 10%.

Marjorie Leedy, spokesman for the NAR, said her organization's quarterly mortgage survey dated March 1985 revealed that 30% of today's resale homebuyers make downpayments of less than 10%. This number includes FHA and VA loans.

Fannie Mae chairman David Maxwell explained the move was taken to cut its raising foreclosure rate, but some question whether this action will completely solve the problem or cause some harm.

Jack Carlson, executive officer and chief economist for the NAR, said, "Fannie Mae said it wants to use a 'scalpel rather than a sledge hammer' to solve the mortgage foreclosure problem. But with these new guidelines it has succeeded only in adopting a piecemeal approach that will discriminate against certain property owners."

Under the new plan, a homebuyer would need an income of $41,232 to qualify for a 12.2% fixed-rate mortgage on a $76,500 house—the median-priced home in June—if he made a downpayment of 5%. But under the old plan, that same homebuyer would need only an annual income of $36,814 or $4,418 less to afford the same house.

While both the NAR and the NAHB evaluate what impact Fannie Mae's ruling will have the total home starts and resale activity in 1986, spokesmen for these groups are confident the action will pose little or no threat to activity this year since it will be activated so late in 1985, and probably won't be a major threat to market stability next year.

Already the NAHB is planning to meet with Fannie Mae officials to learn what the impact could be on new home starts and NAR economists are already working to calculate what the impact will be on their market.

Until the studies and meetings are complete, both organizations are standing by their earlier predictions for market activity through next year.

The NAR is predicting 3.05 million resales will be charted by year's end and has forecasted that 1986 should yield 3.1 million units.

The NAHB is projecting 1985 will produce 1.85 million new starts and 1986 will yield slightly less than that, 1.8 million units.

Despite what could be hard times for first-time homebuyers, the rest of the housing market is finding that housing is becoming more attainable, especially now that interest rates for conventional fixed-rate mortgages is dropping.

According to the Federal Home Loan Bank Board, the week ended Aug. 5 produced an effective rate of 11.38% on conventional fixed-rate mortgages for loans closed, down from 11.76% recorded in June and the 12.11% in May.

This activity is in keeping with the NAR's earlier predictions that rates would decline through the end of next year and housing affordability would improve, its index rising to near 100.

If the index reaches 100 that will mean that the family earning the median income will be able to afford the median-priced home.

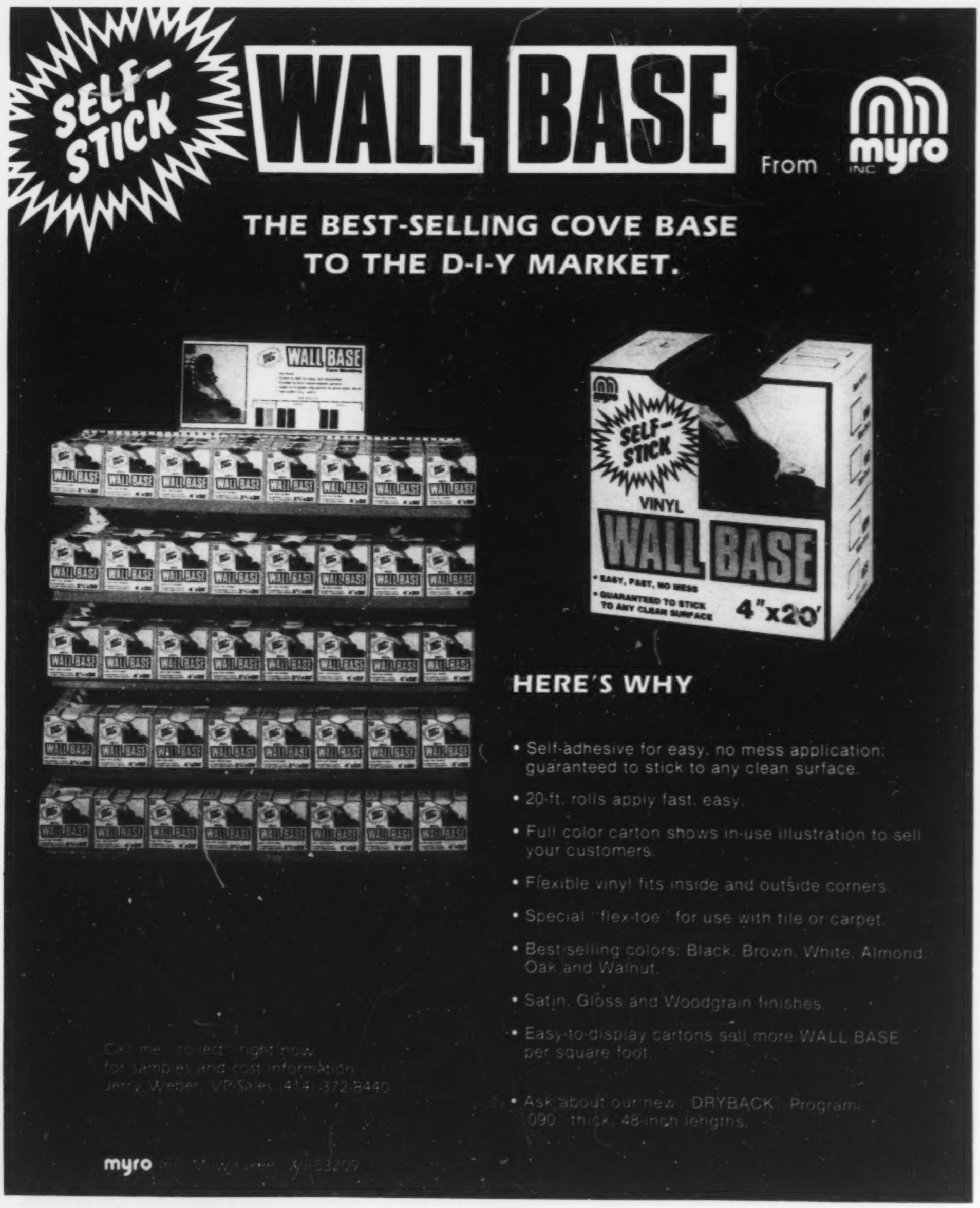
Currently, home buyers have just 91.1% of the income needed to qualify for an 80% mortgage on the median-priced home. The family earning the median income in June, $27,025, was short $2,650 of the $29,675 annual income needed to qualify for a mortgage loan on a $76,500 house.

Housing Affordability

	Index	Rate	Median income	Median house price
June 1985	91.1	11.76	$27,025	$76,500
May 1985	90.3	12.11	26,904	74,900
Dec. 1978	100.0	10.00	17,640	50,900
Feb. 1972	153.1	7.48	10,424	25,400

Source: National Assn. of Realtors

Housing affordability, a function of mortgage rates, annual income and home price continued to improve in June rising to 91.1, a six-year record, according to the National Assn. of Realtors. The index has been on an upward curve all year and is expected to approach 100 by the end of next year, a high not recorded since December 1978.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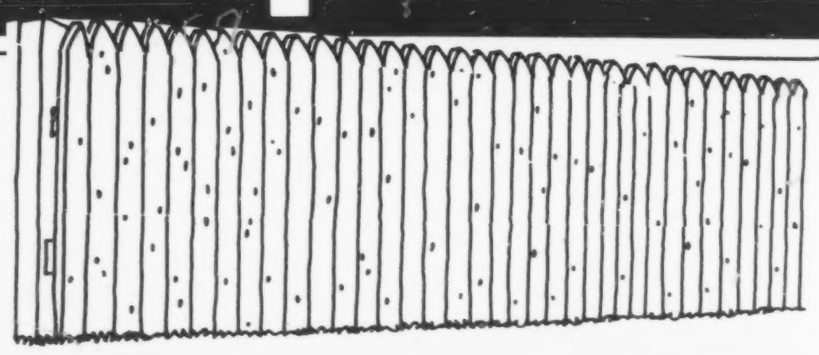

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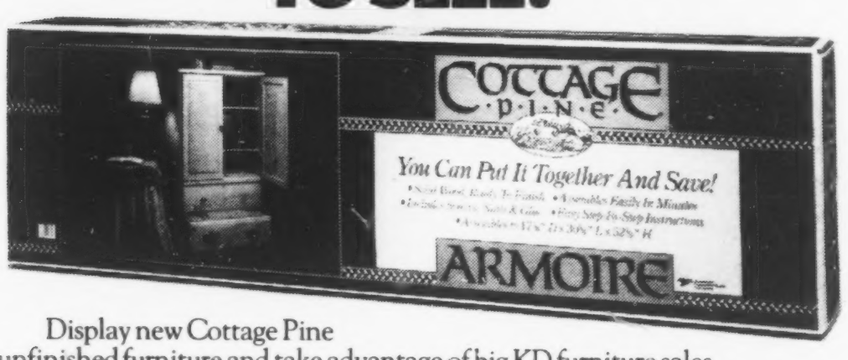

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LUMBER REPORT

Structural wood panel sales rise; technology cuts production cost

NATIONAL REPORT — Some home centers are experiencing an upswing in the sale of composite structural wood panels to do-it-yourselfers and contractors, but for other retailers, the composite boards have not yet caught on.

Busy Beaver in Pittsburgh, for example, is one home center that report strong DIY demand for the nonveneer composite panels and cites the lower cost for the product in comparison to regular plywood as the key selling point.

At Inner Harbor Lumber and Hardware in Baltimore, however, the nonveneer boards are being shunned by the DIY shopper and appear to be more attractive to contractors.

Inner Harbor's experience is similar to Lowe's, which reports 70% of its sales in composite boards are being made to the professional contractor.

The three firms experiences with the composite structural panels—waferboard and oriented strand board (OSB)—are just a small part of what many believe is a growing evolution in the use of structural panels, an evolution that is changing the way America builds and altering the way DIYers think about plywood.

While there is a third composite board called particleboard, most home centers do not offer the product as it is marketed more for industrial uses and is more popular in kitchen cabinet construction, and is widely used in the wooden frames of televisions, stereos and radios.

Nevertheless, lumber buyers at home centers, industry observers and paneling manufacturers report that while traditional plywood continues to hold the lion's share of the structural paneling market, waferboard and OSB are increasingly cropping up on jobs which were once the domain of plywood.

Both waferboard and OSB are manufactured with new technologies at production costs below that for plywoods and, as a result, the products are sold for less at retail, generally between 50¢ and $1.25 less than a plywood panel.

While waferboard has been around since the mid-50's and is generally thought of as a Canadian invention, the composite structural panel market began to surge during the late 70's when producers—strapped by the high cost of timber—learned to use underutilized "weed trees," like aspen, to make nonveneer composite panels.

"For manufacturers, these composite boards offer a lot of cost savings because of the high degree of automation that is involved," said Dave Pease, editor of Forest Industries magazine in San Francisco. "They are not pressed by the step-by-step machine center operations of making plywoods."

Additionally, waferboard mills, because of the technology used, also employ a third less of the manpower required in a plywood mill, industry sources said.

According to the American Plywood Association, the production of nonveneer composite boards will soar with increasing demand throughout this decade and into the 1990's. The APA forecasts annual incremental increases in the production of composite boards from 1980's 196 million sq. ft. to 4.4 billion sq. ft. by 1990.

Bill Rooney, marketing and sales manager of Louisiana Pacific in Portland, said the company projects sharp demand for waferboard materials in the future. To meet the challenge, he said the company has become "the largest manufacturer of waferboard in the country," which produced more than a billion sq. ft. in 1984. At the same time, he said the company is gearing up to operate 10 waferboard plants within the next

(Continued on page 66)

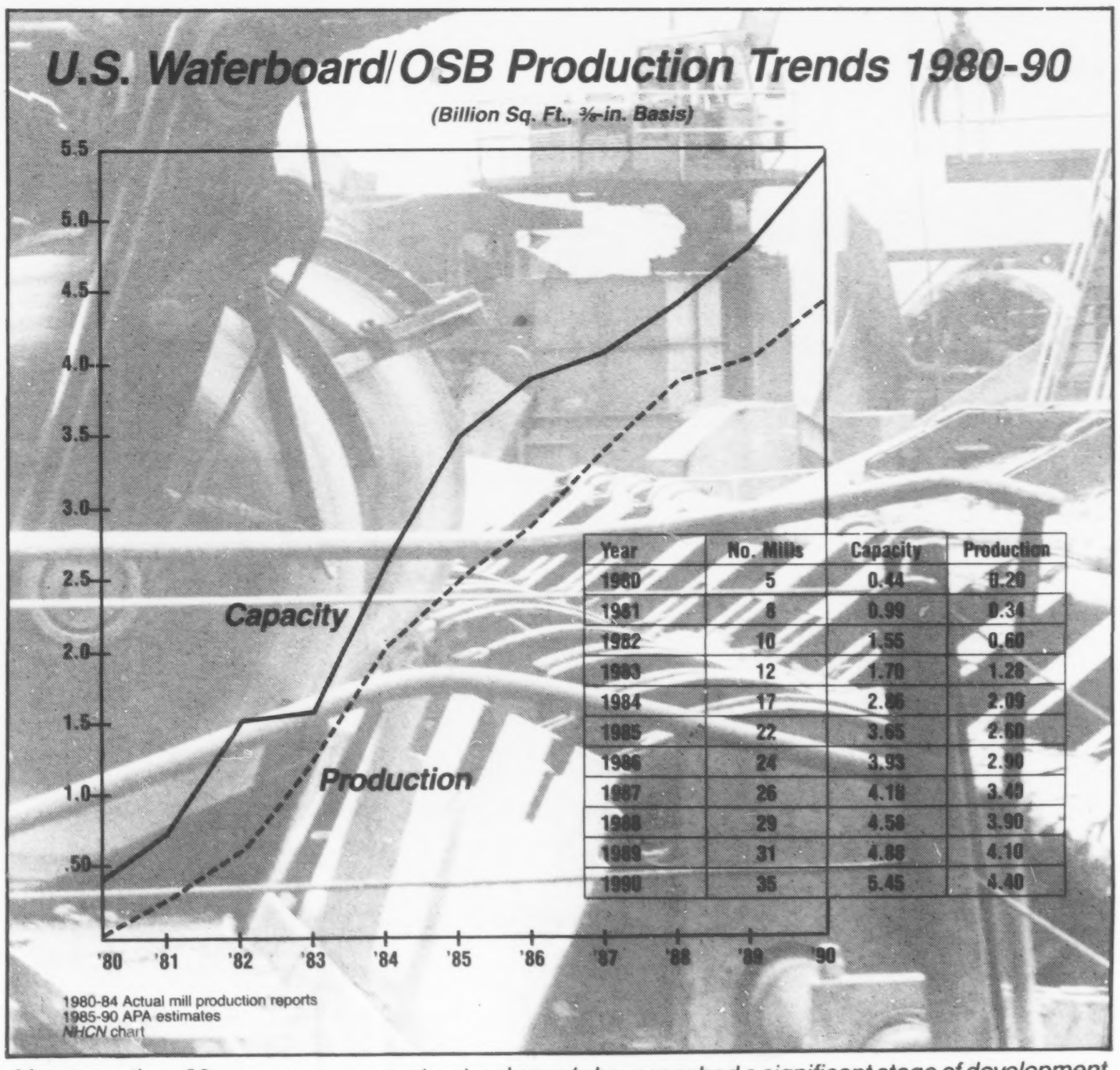
FUTURES

Two weeks ended Aug. 1, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Sept. '85	139.80	133.50	138.00	139.00	4,129	197.50	133.50
Nov.	140.80	134.50	139.10	140.50	2,519	186.10	134.50
Jan. '86	147.00	142.00	146.00	147.50	947	187.30	142.00
March	153.80	149.30	152.50	154.30	782	195.00	149.00
May	158.70	154.50	157.50	159.60	337	176.40	153.00
July	163.00	160.00	161.70	164.00	80	183.40	160.00
Sept.	168.80	164.90	165.40	Nominal	20	1,800.00	164.90

Total Vol. (Through 8/1): 14,478 — **Previous Two Weeks: 17,553**
Total Open Interest (As of 8/1): 8,814 — **Previous Week: 8,446**
Cash Price: $150.92 — **Previous Week: $155.82** — **Year Ago: $136.22**

CME—Chicago Mercantile Exchange
*Figures for Thursday, Aug. 1.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

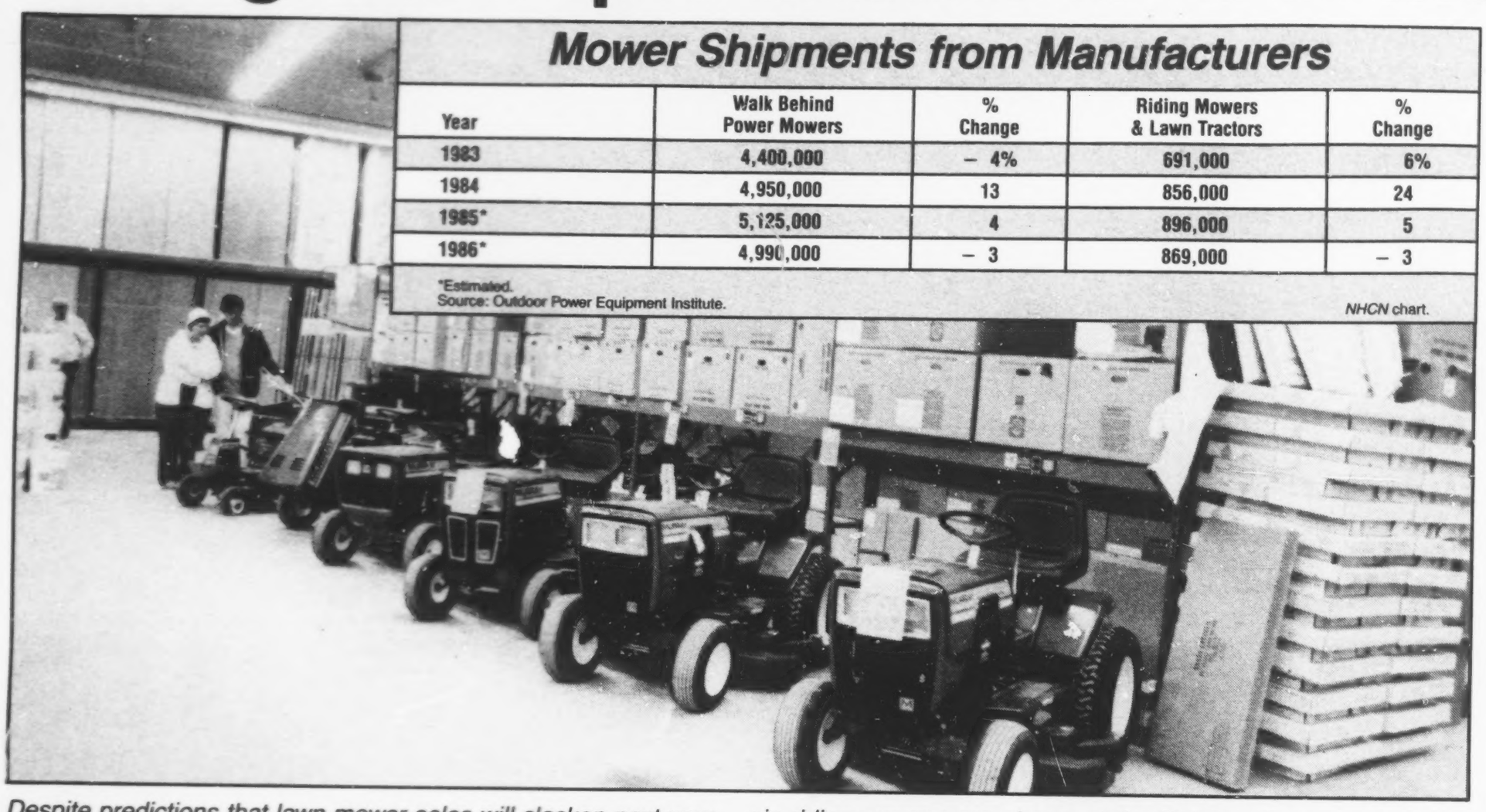


Year	No. Mills	Capacity	Production
1980	5	0.44	0.20
1981	6	0.99	0.34
1982	10	1.55	0.60
1983	12	1.70	1.20
1984	17	2.85	2.09
1985	22	3.65	2.60
1986	24	3.93	2.90
1987	26	4.10	3.40
1988	29	4.50	3.90
1989	31	4.80	4.10
1990	35	5.45	4.40

After more than 20 years, nonveneer structural panels have reached a significant stage of development in the marketplace with waferboard and oriented strand board both experiencing a rise in manufacturing capacity and consumer acceptance. Both waferboard and OSB production should increase 40% over the next three years to an annual rate of nearly 4 billion sq. ft. or 20% of the total structural panel market.

Supplement: Lawn & Garden

Strong sales spur dealers to fill in mower lines



Mower Shipments from Manufacturers

Year	Walk Behind Power Mowers	% Change	Riding Mowers & Lawn Tractors	% Change
1983	4,400,000	– 4%	691,000	6%
1984	4,950,000	13	856,000	24
1985*	5,125,000	4	896,000	5
1986*	4,990,000	– 3	869,000	– 3

*Estimated.
Source: Outdoor Power Equipment Institute.

NHCN chart.

Despite predictions that lawn mower sales will slacken next year, retailers are filling in lines with a variety of price points. A selection of six riding mowers are shown at the Builders Square unit in Detroit.

NHCN photo

NATIONAL REPORT — When buyers from Triangle Building Centers visited the International Lawn, Garden and Power Equipment Expo in Louisville last month, they took what the company's gm Tom Ostrander called a "very intent" look at the new lawn mowers on display.

Like other home centers around the country, Quakertown, Pa.-based Triangle is reporting rapid growth in this category. With two good summers under their belts, buyers are looking to extend their lawnmower lines by filling in price points to satisfy consumers with varying needs.

While Triangle has carried four riding mowers, ranging in price from $700 to $1,800, and six walk-behinds from $100 to $300 for two years, the company added a $60 push mower this year for the first time.

"It's another piece of the market," said Ostrander. "Whenever you have townhouses, or an extremely consolidated population, or a condominium type environment with small pieces of ground, they don't need a power mower."

Increases sku's

Lowe's, the $1.7 billion home center chain based in North Wilkesboro, N.C., added three walk-behinds and two riding mowers this year, boosting its stock keeping unit counts to nine, and 10, respectively.

"We had some niches we wanted to fill, and we went out and did it," said Robert Cannon, the chain's vp of merchandising for consumer durables and seasonal products. A continuing increase in sales of both categories of mowers sparked renewed interest in the chain in filling in the price-point picture. For the year to date, walk-behind sales have increased by 30.5%, and riding mower sales have increased 23.4% at Lowe's 278 stores.

Plastic model added

ACO, the hardware chain of 42 stores based in Farmington Hills, Mich., added an all-plastic bodied walk-behind mower for the first time this year. The impetus here was to offer the consumer a lighter weight, rust-free unit. While the price of $259 is a little higher than comparable steel bodied mowers, the company is trying the unit to see if the consumer will pay a premium for lighter-weight mowers.

Some chains reported that sales were particularly good last year as consumers anticipated that mowers manufactured prior to new government safety regulations would soon no longer be available.

"Last year was the last season for noncomplying mowers," said Kelly Masco, lawn and garden buyer at Gee Lumber, the $25 million chain of 13 home centers that moves 800 to 1,000 mowers annually. "The last ones were built in 1983, and some were available to ship last spring. Mowers that were built later, those which complied with automatic shut-off regulations, could cost up to 20% more to the consumer, Masco noted.

Shipments of walk-behind and riding mowers from manufacturers confirm the rebound in sales during 1984. Walk-behind shipments increased by 13% that year, to 4,950,000, according to the 35 manufacturers that make the product and belong to the Outdoor Power Equipment Institute, Washing-

(Continued on page 35)

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Supplement: Lawn & Garden

Rapid mower sales growth spurs increased offerings

(Continued from page 34)

ton, D.C. This increase compares to a 4% decline experienced in the previous year.

As for riding mowers, shipments increased by 24% to 856,000 during the same time frame. In 1983, the vendors said, shipments of that type mower increased by only 6%.

Vendors expect shipments to increase at a much more moderate pace this year, and they forecast a modest drop in product movement in 1986. The primary force working to soften sales next year, according to a statement from the OPEI, is a general economic slowdown that is expected. However, the OPEI also said that its members "expect continued growth for both major product segments from 1988 through the end of the decade."

If a softening in demand forecast for next year comes to pass, retailers may face another round of pressure from discount chains that have cut prices on the product, and from specialty stores that offer repair services.

For example, Scotty's, the $440 million chain based in Winter Haven, Fla., dropped lawn mowers several years ago, citing pressures from discount and specialty chains such as Wal-Mart and K mart.

The competition has put a heavy weight on gross margins for the product, according to a variety of retailers. "You need the tonnage," said one retailer who asked not to be identified. "You have to advertise the $99 mower to get the public to come to the stores." It's not unusual, according to the retailer, to pay $92 for that promotional mower.

One chain reported gross margins in the mid-30's for the highest-priced mowers, but an average in the mid-20's for the department as a whole. Another said that the average gross margin for the category was 18%, while specialty stores, offering service, parts, and high-end units, might get more than 20%.

Pool supplies make a splash in L&G depts.

(Continued from page 32)

ply department this past spring.

"We figured it would sell well and be a great money maker for us," asserted Bob Cannon, vp-merchandising. But, he noted, "We're not in the pool business. People are coming to us for the chemicals."

Lowe's debuted its new 22-stock-keeping-unit department in most of its stores this spring with an average 10 ft. of space dedicated primarily to chemicals and a few accessory items such as thermometers and test kits.

Consumer requests for pool supplies heavily influenced Wilson Brothers, a five-unit retailer in Fredericksburg, Va., to create its pool supply department last April, said Allan Tarrh, merchandise manager.

The six sku's of chemicals merchandised next to lawn and garden products only in the 5,000-sq.-ft. Ashland, Va., store, a suburb of Richmond—"a good pool market"—was prompted by calls from customers and the local motels, he said.

The pool department at All American is different from many others as it includes about 180 ft. of space stocked with a complete line of supplies including above-ground pools, chemicals, accessories and pool-related games. The items are not purchased or merchandised with lawn and garden, but with sporting goods. "It's more recreational, more compatible with sporting goods," commented Tom Farrell, merchandise manager.

The 12-year-old department is maintained year-round but shrinks to about 30 gondola feet in winter when the demand lessens, he added.

"We've seen a steady growth over the years," said Farrell. "We consider pool and pool supplies an essential element to our sporting goods department. It has always remained profitable."

Noted Paul Siegel, vp-merchandising at Forest City, who is less enthusiastic about his pool supplies department: "[It] can generate some volume with very, very few sku's."

Forest City carries fewer than 10 items, all chemicals.

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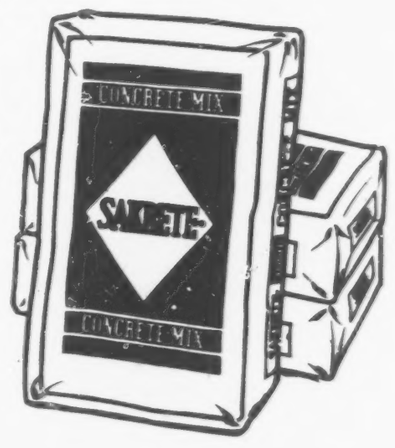

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Technology boosts structural panel sales

(Continued from page 16)

few years. He said eight waferboard mills are already on line by Louisiana Pacific.

Rooney said that unlike plywoods, which are produced from thin sheets of wood veneer layers that often bear knots and other natural defects, waferboard is made from wood chips and arranged in layers in a process that eliminates surface defects.

Similarly, OSB is also constructed from wood chips, but the chips or strands are "directed" in layers at right angles to each other for extra strength.

With predictions calling for increasing demand for the composite panels, many timber growers are optimistically looking toward the future and an expanding market.

Dave Brewster, production manager of structural panel for the Georgia Pacific Co. in Atlanta, said the company is expected to open two new waferboard mills this year. He said both plants combined will have the capacity to produce 10% of composite boards manufactured in the U.S.

"There are growing indications that these new products are gaining acceptance in the market," Brewster said. "There are some price advantages with waferboard and OSB and I think Georgia Pacific would not have made the investment into two new plants if we didn't think the market would grow."

Although waferboard and OSB are principally structural panels and not marketed as decorative boards, both Brewster and Rooney said they have heard about consumers varnishing the products to produce an unusual "marble look."

Perhaps the most significant development in the growth of nonveneer panels has been its high performance ratings from the APA. In roof, floors, walls, decks and other construction uses, OSB and waferboard products earn high marks and are able to be utilized in the same places are traditional plywood.

Bob Anderson, research analyst with the APA, said both plywoods and the composite boards will have a place in the market, and that a part of what makes a customer decide to buy one or the other will be based on the end-use.

He said because OSB and waferboards are usually heavier than plywoods, some people may purchase the products for added strength value. While other contractors may favor plywoods for roofs or walls.

"There's a common market where they both fit in," Anderson said.

For home centers that sell plywoods and the composite boards, the picture is mixed in assessing which panel products customers prefer.

Robert Hefner, general manager at Inner Harbor Lumber and Hardware in Baltimore, said his shoppers are buying strand boards at slightly higher volume than in previous years, but added that the product shows no sign of overcoming traditional plywoods.

"I think the consumer, the DIYer, is not familiar enough with the product," Hefner said. "I think there has to be a little more education.

"The professional contractor, however, is very familiar with it and they buy it in greater numbers than DIYers because they read trade journals and so forth and know about the product."

Hefner's view is supported by the Lowe's Companies which report that 70% of its waferboard sales are to contractors.

"This definitely seems to be a professional item," said Lee Herring, vice president of merchandising for millwork and plywood products at Lowe's. "I would say that our pro vs. consumer sales is 75% to 25%."

Herring said two of the compelling features about the composite boards are its durability over plywoods and its lower price.

"I think this is going to be a growing category for us," Herring said. "We've been selling it on and off since 1980. We stopped selling it for a year because our supplier was Canadian and the product had not been code approved.

"But now we see 30% of our sales in waferboard. A few years ago there was no percentage."

"There's no doubt that the product is outselling plywood at this point in the market," said Mike Coleman, lumber buyer for Busy Beaver. "We've been selling it for about six years and I guess the biggest reason it sells better is the price difference."

Coleman said Busy Beaver sells waferboard at $5.69 to $6.39 compared to plywood which retails between $6.97 and $7.49.

Although the composite panels have a harsh, unfinished look to them, the appearance does not seem to affect sales.

"We think that customers are buying the waferboard product because they know that when the job is done, the surface of the board won't be seen anymore," Coleman said.

Decks, shelving, dog houses and walls are the usual end-uses for which customers seek the product, Coleman said.

But other home center chains see no marked difference in sales or preferences between the two wood products.

Frank Nelson, lumber buyer for Mr. How Warehouse in Margate, Fla., said the firm stocks waferboard, but it does not sell it any better than plywoods.

"I haven't noticed any difference since we've been selling waferboard," Nelson said.

Robert Hirsch, lumber buyer for Gee Lumber in Chicago, said the new waferboards appear to be more popular with contractors, but among homeowners who purchase the flakeboards, he said most are buying the product for outdoor sheds and not necessarily indoor improvements.

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